



**MCI Communications
Corporation**

1801 Pennsylvania Ave., NW
Washington, DC 20006
202 887 2731

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Michael Hydock
Sr. Staff Member
Regulatory Affairs

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OCT 25 1993

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

October 25, 1993

EX PARTE

Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: MCI Telecommunications Corporation's Response to Request for
Information in Docket No. 92-77, Billed Party Preference

MCI is filing the following ExParte in response to Mr. Mark Nadel's request concerning MCI's position on corrections facility traffic under Billed Party Preference.

If you have any questions, please do not hesitate to call me directly at (202) 887-2731.

Respectfully,

Michael Hydock
MCI Telecommunications Corporation
Federal Regulatory

cc: Gary Phillips
Mark Nadel

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Billed Party Preference
Impact on the Corrections Market**

At the request from Commission staff, MCI addresses the issue of prison traffic under BPP. In particular, MCI generically describes the issues of fraud and call control in the present corrections environment. MCI demonstrates that many objections to rolling inmate traffic into BPP are without merit.

Current Corrections Market:

The current correctional market is comprised of three primary segments; Federal, State, and City/County. This market is estimated to produce \$800M of inmate service revenue for combined intraLATA and interLATA calling. In January, 1993 the total United States inmate population was estimated to exceed 1 million prisoners, with state institutions contributing the largest portion as shown below.

Inmate Distribution

State Institutions.....	785, 000 inmates
City/County Institutions.....	336,000 inmates
Federal Institutions.....	72,000 inmates
	=====
Total:	1,193,000 inmates

Prisons inmate count has a projected growth rate of 15% per year.

Prisons have requirements for both fraud prevention and call control. Fraud prevention is a process of preventing the unauthorized use of a carriers network with intent not to pay for that use. Carriers have a need and have developed specialized systems to identify and prevent fraud for all traffic that passes through their networks, not just traffic from prisons. Call control, on the other hand, refers to specialized screening and routing restrictions that are provided in response to particular needs of correctional institutions. The following paragraphs address both fraud prevention and call control as they exist today and as they will be affected by the implementation of BPP.

Fraud Prevention

Fraud prevention is generally the responsibility of the carrier providing the terminating service. Today, fraud prevention systems and procedures are applied to prison traffic (such as restricting calling to collect-only) on the basis of unique identifier digits provided within the ANI signalling sent from the LEC to the IXC. This ANI information digit (or ANI II digit) identifies calls originating from lines which are restricted in some way using Billed Number Screening (BNS). It is incumbent on each IXC to recognize these information digits and take appropriate steps within their network to identify and prevent fraud. Today the ANI II digits used to identify prison originations are also used to identify many other types of lines which also have specialized restrictions. Examples of these other types of lines include COCOTs, Dormitory Service, Hotel Service, LEC Payphones, and certain PBX lines. The specific ANI II digits assigned for this use are ANI II "07".

Last year, IXCs (MCI and Sprint) requested that a new ANI II digit assignment be authorized to specifically identify originations from confinement facilities (See Attachment A). This request was acted upon by the Industry Carrier Compatibility Forum (ICCF) formed by the Carrier Liaison Committee. The mission of the ICCF is to provide an open forum under the auspices of the Carrier Liaison Committee to encourage telecommunications entities to discuss and resolve on a voluntary basis, national technical issues associated with exchange access interconnection. The new ANI II digits assigned to confinement facilities are "29". The implementation of the ANI II digits "29" would allow any carrier to identify calls originating from a confinement facility and apply appropriate fraud prevention systems and techniques to the completion of that call.

Fraud Prevention with Billed Party Preference

In today's marketplace, there is no uniformity in carrier selection based on call delivery. In particular, collect calls are completed by the carrier chosen based on the originating line. Thus, many carriers will deliver collect calls to the same number for billing from multiple lines and from multiple correctional institutions. This disassociation of the customer paying for collect calls and the carriers delivering those calls creates a flaw in the fraud prevention capabilities that could otherwise be applied. Lack of visibility to all calls billed to a collect calling termination prevents carriers from applying the fraud prevention techniques such as velocity, dollar value, or time duration algorithms that are valuable tools to detect and prevent fraud. Since collect calls to an individual billing number are spread across a multitude of carriers it eliminates the ability of each of those carriers to adequately monitor and audit the billing history of the billed party. Further, once fraud is detected the current system encourages carrier hopping or subscription fraud by the billed party, starting the cycle over again.

With BPP, the fraud prevention picture changes since the carrier of the billed party will deliver all the collect-call traffic that will be billed to each called number. Fraud detection algorithms will have optimal opportunity to detect suspect calling, not only from prisons but for all billed party traffic. Additionally, there will be two carriers

that have complete visibility to the traffic: the LEC, by virtue of subjecting all originating traffic to LIDB look up for authorization and carrier selection; and the IXC, by virtue of carrying and billing all interLATA calling to a specific billed party. Also, under BPP, customers will presubscribe to a carrier to handle their collect calling.

This presubscription process will allow the carrier to establish an account and business relationship directly with the billed party. Billing information and payment history can be maintained and reviewed when a customer is presubscribed further helping reduce subscription fraud. It is MCI's view that BPP along with universal implementation of ANI II digit "29" will offer an improved capability to the IXCs and the LECs to prevent and detect fraud from correctional institutions.

Call Control

Opponents of applying BPP to prison calling have often confused fraud prevention with **CALL CONTROL** features. Call Controls were devised as a method to enhance an institution's administrative capabilities to monitor and restrict the calling privilege of the inmates. However, Call Control screening and routing restrictions are not designed to provide fraud prevention. Rather they implement a set of calling restrictions on the inmates that are required by the specific institution. State Corrections Boards and other bodies have adopted guidelines and/or requirements for call control for prisons within their jurisdiction. Other institutions have adopted calling restrictions that they believe in the best interest of the prison and the public at large.

MCI's Inmate Service

MCI's Maximum Security Inmate service was one of the first products in the industry to implement a comprehensive set of network based Call Control Features. Maximum Security is provided using a mainframe, network based platform. A centralized mainframe system was chosen by MCI for purposes of reliability and cost efficiencies. MCI's Maximum Security (introduced in 1991) monitors and controls inmate calling 7 days per week, 24 hours per day from a fault tolerant and fully redundant, centralized platform.

Other Inmate Call Control Systems

At present we believe no other provider offers inmate call control systems using a centralized network solution such as MCI's. MCI's competitors provide premise based equipment solutions using PC architecture or rack mounted central office solutions with line card connection. The primary difference between premise and network based systems is that network based systems can serve all prisons within the network, allowing flexibility for different screening or features based on each prison's requirements, using a cost-efficient centralized platform. Premise based systems, on the other hand, place control over one prison at a time with equipment dedicated to each prison. Both premise and network based systems can be designed to offer the same type of call control features. (See Attachment B).

Features of call control systems include:

- * Personal Identification Numbers (PIN) to identify individual inmates.
- * Allowable Destination Number List by PIN
- * Global Blocked Number List
- * Voice Overlays to Identify Inmate Call
- * Time of Day Restrictions
- * Day of Week Restrictions
- * Timed Call Limit
- * Limit Number of Calls by Inmate
- * Detection and blocking of 3-way calls.
- * Call Monitoring.
- * Call Recording.

These features of call control systems provide close control and analysis of inmate calling to be used by the correctional institution to protect the general public from the potential of abusive calls. In addition, control systems can restrict usage to conform to the standards imposed by individual prisons.

Call Control with BPP

Today all switched access calls originating at an individual institution are routed to a single carrier using presubscription. This allows the prison to work with a single carrier to determine what call controls will be applied and to administer changes in either the desired call control features or the control parameters affecting an individual inmate as they change over time. Under BPP calls from prisons will be routed to the IXC of the billed party. Just as BPP will ensure that collect calls to be billed to an individual subscriber are carried by a single carrier, this also means that collect calls from an individual prison will be routed over a number of carriers. This change may affect the way call control systems are designed and administered. Implementation of BPP will also significantly reduce or eliminate the existing system of commission payments to the prisons which has come to be viewed as a source of revenue to federal, state, and local governments. The carrier industry and the prison authorities will have sufficient opportunity, due to the time it will take to deploy BPP, to devise new products and to adjust to the changes that BPP will require for Call Control.

It is therefore possible for fraud and call control issues to be dealt with under a BPP environment. (See Attachment C, flow diagrams illustrating prison traffic under a BPP environment). If the Commission were to order LECs to pass the ANI II digit "29" universally to IXCs as a network upgrade, prison traffic could be explicitly identified, and fraud/call control triggers set off to properly treat this traffic.

ATTACHMENT A

MEETING RECORD
INDUSTRY CARRIERS COMPATIBILITY FORUM 28
MARCH 10-11, 1993
SAN ANTONIO, TEXAS

2 DIGIT ANI II ASSIGNMENT WORKSHOP REPORT
(ISSUES #240 AND #260)

Point Noted:

1. Leila Gibson, U S WEST, Workshop Co-Chair, presented the 2-Digit ANI II Assignment Workshop Report.

Agreements Reached:

1. The recommendation of the Workshop to request from the NANPA a separate ANI II digit pair for Prison/Inmate Service was accepted.
2. The following definition was accepted for publication in the LERG re: the ANI II digit pair for Prison/Inmate Service:

"The ANI II digit pair ____ is used to designate lines within a confinement/detention facility that are intended for inmate/detainee use and require outward call screening and restriction (e.g., 0+ collect only service). A confinement/ detention facility may be defined as including, but not limited to, Federal, State and/or Local prisons, juvenile facilities, immigration and naturalization confinement/detention facilities, etc., which are under the administration of Federal, State, City, County or other Governmental agencies. Prison/Inmate Service lines will be identified by the customer requesting such call screening and restriction. In those cases where private paystations are located in confinement/detention facilities, and the same call restrictions applicable to Prison/Inmate Service are required, the ANI II digit for Prison/Inmate Service will apply if the line is identified for Prison/Inmate Service by the customer.

3. The revised definition proposed by the Workshop for ANI II 23 associated with Issue #260 was accepted, for publication in the LERG.

Action Item:

1. Madeline Bogdan, ICCF Moderator, will forward a letter by March 22 to the NANPA requesting a new ANI II digit pair for Prison/Inmate Service. The letter will also include the definitions for Prison/Inmate Service and ANI II 23 that have been accepted today by the ICCF. *(Completed 3/19/93)*

Agreements Reached:

4. Issue #240 is resolved, and the following resolution statement for the issue was accepted:

"At ICCF28 the Workshop reported that it had reached consensus on the need for assignment of an ANI II digit pair for Prison/Inmate/Detainee. The Workshop requested ICCF approval for the definition of a new digit pair

and a request to the NANPA for the assignment of a digit pair for Prison/ Inmate/Detainee."

5. Issue #260 is resolved, and the following resolution statement for the issue was accepted:

"At ICCF28 the Workshop requested approval for a revised definition of ANI II 23 for inclusion in the LERG."

6. As there is the potential for new issues requesting ANI II digit pairs, the Workshop will remain open at least until the New Business section of this meeting. If the Workshop remains open beyond ICCF28, new Workshop Co-Chairs will be requested.

ICCF ISSUE IDENTIFICATION FORM**ISSUE TITLE:** Prison ANI II Digit Pair**ISSUE:** #240**DATE SUBMITTED:** 1/20/92**RESOLUTION DATE:** 3/10/93

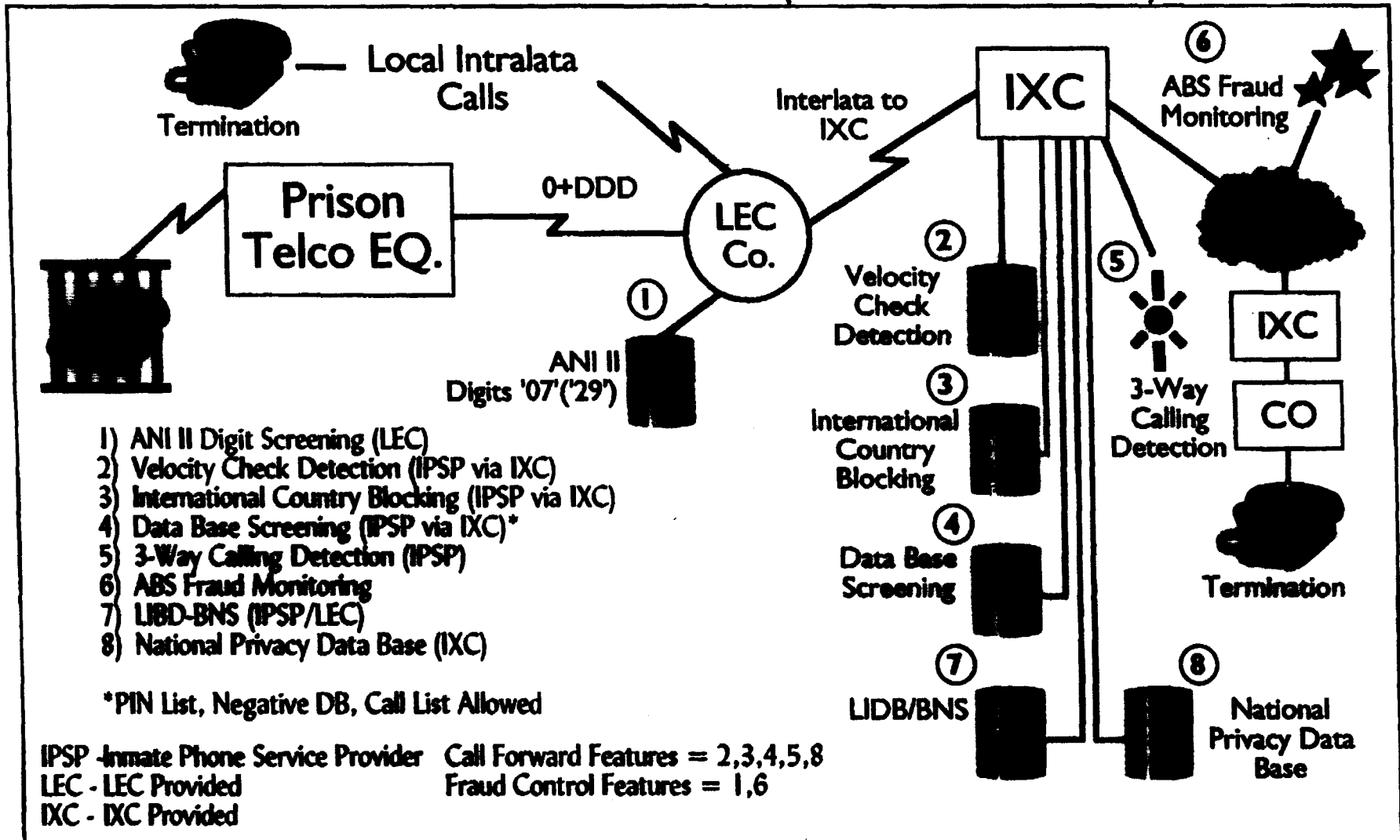
1. **ISSUE STATEMENT:** A new ANI II digit assignment is required to identify calls originating from "prison payphones".
2. **SUGGESTED RESOLUTION OR OUTPUT/SERVICE DESIRED:** Assign and implement a new ANI II digit pair to be used for calls originating from Inmate phone services in correctional facilities.
3. **OTHER IMPACTS:** Other services currently using the "07" II pair are to remain unchanged. Existing ANI II Workshop to expand to scope to incorporate this issue.
4. **ISSUE ORIGINATORS:**

Name:	Woody Traylor	Phone:	214-918-5165
Address:	2400 Glenville Drive Room C4103 Richardson, TX 75081	Company:	MCI
5. **RESOLUTION:** The Issue was accepted at ICCF25, to be worked as the second priority of the 2-Digit ANI II Assignment Workshop, following Issue #237. At ICCF27 the workshop reported that it is near consensus on a definition for an ANI II digit pair for prison phones. *At ICCF28 the Workshop reported that it had reached consensus on the need for assignment of an ANI II digit pair for Prison/Inmate/Detainee. The Workshop requested ICCF approval for the definition of a new digit pair and a request to the NANPA for the assignment of a digit pair for Prison/Inmate/Detainee.*
6. **IMPLEMENTATION STATEMENT:**
7. **ICCF REFERENCES:** ICCF25, ICCF26, ICCF27, *ICCF28* Meeting Notes

ATTACHMENT B

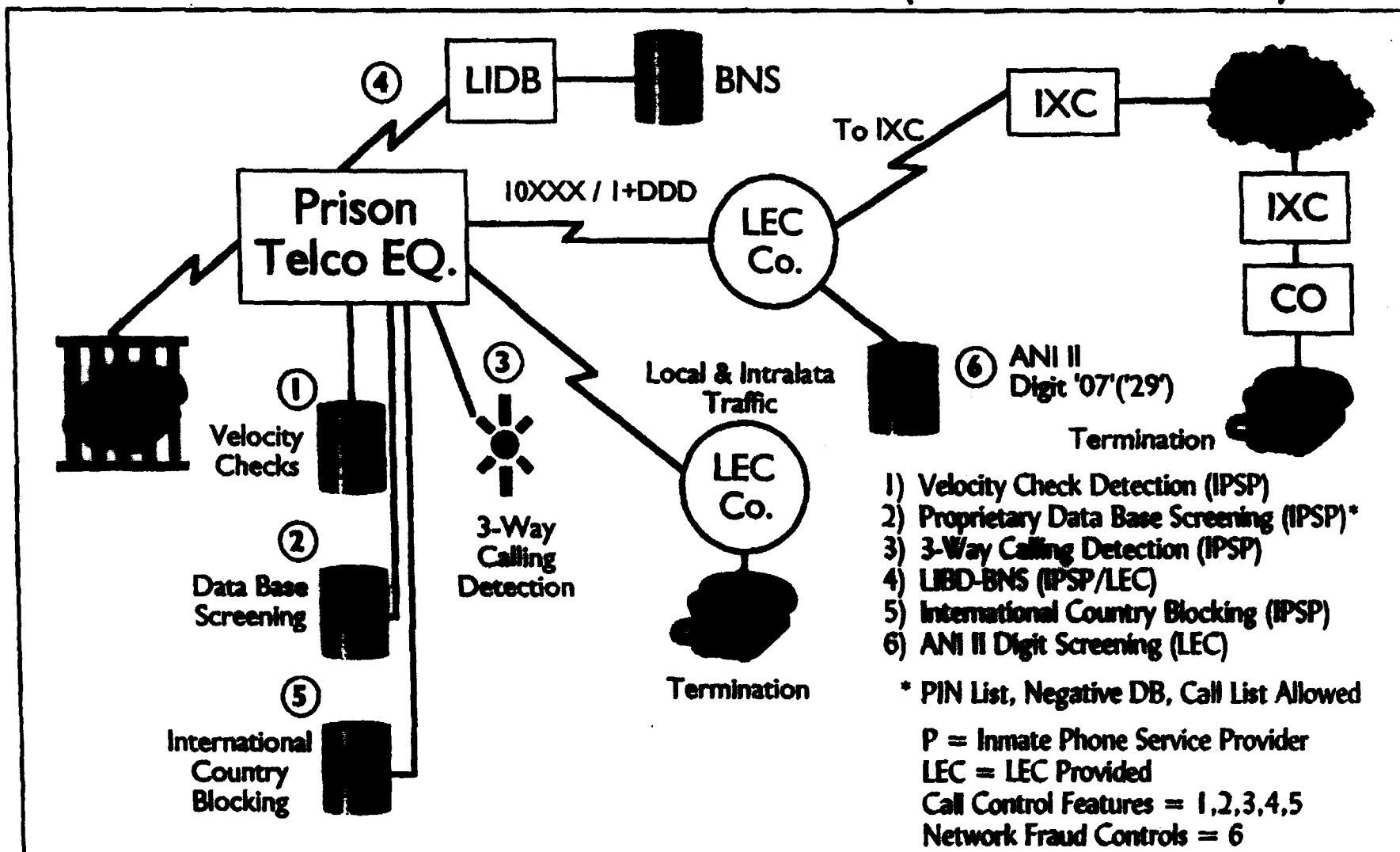


Pre-BPP Prison Collect Calling Via Inmate Phone Service Provider (Network-Based)



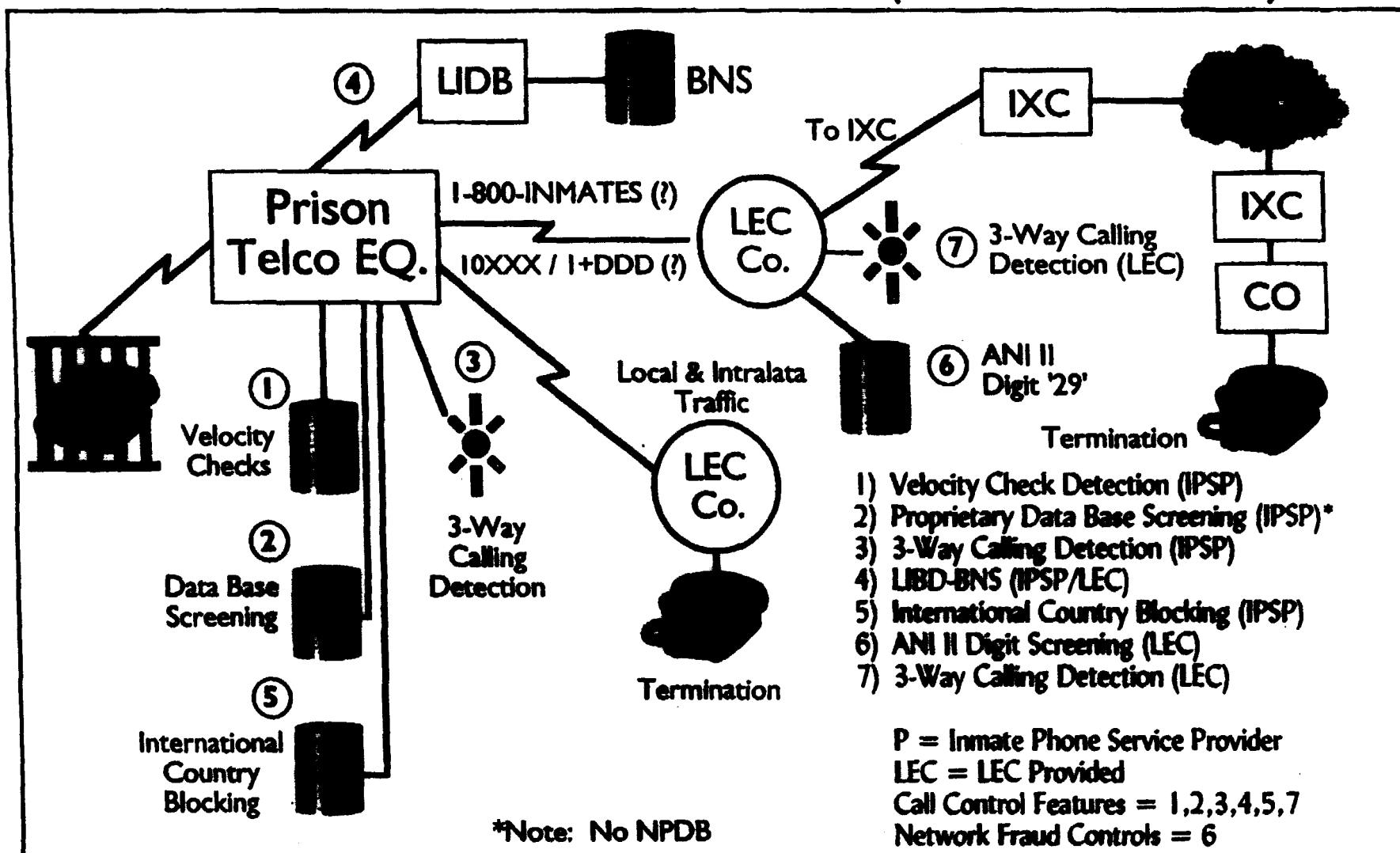


Pre-BPP Prison "Collect" Calling Via Inmate Phone Service Provider (Premised-Based)



ATTACHMENT C

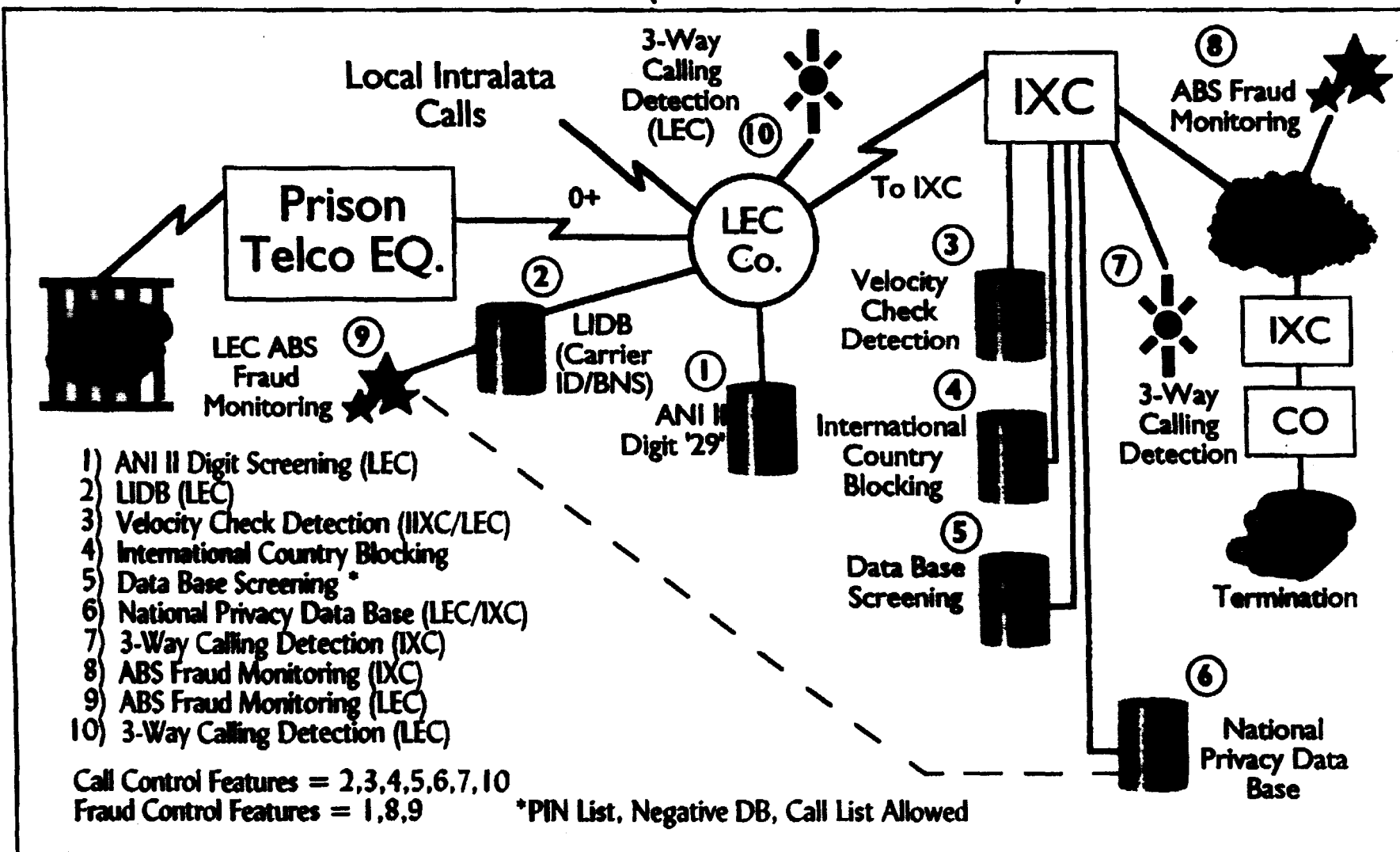
MCI BPP Prison "Collect" Calling Via Inmate Phone Service Provider (Premised-Based)



PRELIMINARY



BPP Prison Collect Calling Via Phone Service Provider (Network-Based)



PRELIMINARY